



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Cedar City Field Office
176 East DL Sargent Drive
Cedar City, Utah 84720

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OCT 15 2002

DIVISION OF
OIL, GAS AND MINING

In Reply Refer To:
UT-042
3809:
UTU-71326: Sliver Marble
UTU-78613: Lost Gems

October 10, 2002

Mr. David Penney
P.O. Box 312
Beaver, Utah 84713

Re: Financial Guarantee Estimates

Dear Mr. Penney:

I received your letter of October 2, 2002, requesting a calculation of the financial guarantees necessary to extend the Sliver and Lost Gems notices beyond the January, 2003.

At the present time, I can only provide you with rough estimates for the financial guarantees necessary to extend these notices. The BLM Utah State office is in the process of preparing detailed guidance to estimate financial guarantees, which I have been informed may be available by the end of November. Until that time, the estimates provided below will have to suffice. My estimates of per acre reclamation costs (for 3rd party reclamation) are in large part based on existing cost data available from the State of Utah, Division of Oil, Gas, and Mining.

1. Estimate of financial guarantee to extend BLM notice of intent UTU-71326 (DOGM S/001/057), Sliver #3-4 Project, Beaver County, Utah. This estimate is based on unreclaimed disturbances associated with the site as of August 14, 2002:

Feature	Acreage	Estimated Cost /Acre	Cost
Main pit and dump area	2.90	\$5,000	\$14,500
Loadout Area	0.44	\$3,000	\$1,320
Mine area roads / trails (2200' @ 12' width)	0.61	\$3,000	\$1,830
Drainage access road (2740' @ 12' width)	0.75	\$3,000	\$2,250
Total unreclaimed site disturbance	4.70		\$19,900

2. Estimate of financial guarantee to extend BLM notice of intent UTU-78613 (DOGM S/001/056), Lost Gems Project, Beaver County, Utah. This estimate is based on unreclaimed disturbances associated with the site as of July 3, 2002:

Feature	Acreage	Estimated Cost /Acre	Cost
Small trackhoe excavations and new access trails	1.1	\$3,000	\$3,300
Total unreclaimed site disturbance	1.1		\$3,300

I hope that these estimates will meet your needs until more detailed estimates are possible. Please feel free to contact me at 435-865-3040 should you have any questions.

Sincerely,



Ed Ginouves, Mining Engineer